

State of Arizona
Senate
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 338

SENATE BILL 1327

AN ACT

AMENDING SECTIONS 15-481 AND 15-949, ARIZONA REVISED STATUTES; RELATING TO
SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-481, Arizona Revised Statutes, is amended to
3 read:

4 15-481. Override election; budget increases; notice; ballot;
5 effect

6 A. If the proposed budget of a school district exceeds the aggregate
7 budget limit for the budget year, the governing board shall order an override
8 election to be held not less than ninety days from the date of the order for
9 the purpose of presenting the proposed budget to the qualified electors of
10 the school district who shall by a majority of those voting either affirm or
11 reject the budget. In addition, the governing board shall prepare an
12 alternate budget which does not include an increase in the budget of more
13 than the amount permitted as provided in section 15-905. If the qualified
14 electors approve the proposed budget, the governing board of the school
15 district shall follow the procedures prescribed in section 15-905 for
16 adopting a budget that includes the authorized increase. If the qualified
17 electors disapprove the proposed budget, the governing board shall follow the
18 procedures prescribed in section 15-905 for adopting a budget that does not
19 include the proposed increase or the portion of the proposed increase that
20 exceeds the amount authorized by a previously approved budget increase as
21 prescribed in subsection P of this section.

22 B. The county school superintendent shall prepare an informational
23 report on the proposed increase in the budget and a sample ballot and, at
24 least thirty-five days prior to the election, shall transmit the report and
25 the ballot to the governing board of the school district. For a school
26 district located in a county with a population of two hundred thousand
27 persons or more, the governing board, upon receipt of the report and the
28 ballot, shall mail or distribute the report and the ballot to the households,
29 in which qualified electors reside, within the school district at least
30 thirty days prior to the election. For a school district located in a county
31 with a population of less than two hundred thousand persons, the governing
32 board, upon receipt of the report and the ballot, shall mail or distribute
33 the report and the ballot to the households within the school district at
34 least thirty days prior to the election. Any distribution of material
35 concerning the proposed increase in the budget shall not be conducted by
36 children enrolled in the school district. The report shall contain the
37 following information:

- 38 1. The date of the election.
- 39 2. The polling places and times they are open.
- 40 3. The proposed total increase in the budget which exceeds the amount
41 permitted pursuant to section 15-905.
- 42 4. The total amount of the current year's budget, the total amount of
43 the proposed budget and the total amount of the alternate budget.
- 44 5. If the override is for a period of more than one year, a statement
45 indicating the number of years the proposed increase in the budget would be

1 in effect and the percentage of the school district's revenue control limit
2 that the district is requesting for the future years.

3 6. The proposed total amount of revenues which will fund the increase
4 in the budget and the amount which will be obtained from a levy of taxes upon
5 the taxable property within the school district for the first year for which
6 the budget increase was adopted.

7 7. The proposed amount of revenues which will fund the increase in the
8 budget and which will be obtained from other than a levy of taxes upon the
9 taxable property within the school district for the first year for which the
10 budget increase was adopted.

11 8. The dollar amount and the purpose for which the proposed increase
12 in the budget is to be expended for the first year for which the budget
13 increase was adopted.

14 9. At least two arguments, if submitted, but no more than ten
15 arguments for and two arguments, if submitted, but no more than ten arguments
16 against the proposed increase in the budget. The arguments shall be in a
17 form prescribed by the county school superintendent and each argument shall
18 not exceed two hundred words. Arguments for the proposed increase in the
19 budget shall be provided in writing and signed by the governing board. If
20 submitted, additional arguments in favor of the proposed increase in the
21 budget shall be provided in writing and signed by those in favor. Arguments
22 against the proposed increase in the budget shall be provided in writing and
23 signed by those in opposition. The names of those persons other than the
24 governing board or superintendent submitting written arguments shall not be
25 included in the report without their specific permission, but shall be made
26 available only upon request to the county school superintendent. The county
27 school superintendent shall review all factual statements contained in the
28 written arguments and correct any inaccurate statements of fact. The
29 superintendent shall not review and correct any portion of the written
30 arguments which are identified as statements of the author's opinion. The
31 county school superintendent shall make the written arguments available to
32 the public as provided in title 39, chapter 1, article 2. A deadline for
33 submitting arguments to be included in the informational report shall be set
34 by the county school superintendent.

35 10. A statement that the alternate budget shall be adopted by the
36 governing board if the proposed budget is not adopted by the qualified
37 electors of the school district.

38 11. The full cash value, the assessed valuation and the estimated
39 amount of the secondary tax bill if the proposed budget is adopted for each
40 of the following:

41 (a) An owner-occupied residence whose assessed valuation is the
42 average assessed valuation of property classified as class three, as
43 prescribed by section 42-12003 for the current year in the school district.

1 (b) An owner-occupied residence whose assessed valuation is one-half
2 of the assessed valuation of the residence in subdivision (a) of this
3 paragraph.

4 (c) An owner-occupied residence whose assessed valuation is twice the
5 assessed valuation of the residence in subdivision (a) of this paragraph.

6 (d) A business whose assessed valuation is the average of the assessed
7 valuation of property classified as class one, as prescribed by section
8 42-12001, paragraphs 12 and 13 for the current year in the school district.

9 12. If the election is conducted pursuant to subsection L or M of this
10 section, the following information:

11 (a) An executive summary of the school district's most recent capital
12 improvement plan submitted to the school facilities board.

13 (b) A complete list of each proposed capital improvement that will be
14 funded with the budget increase and a description of the proposed cost of
15 each improvement, including a separate aggregation of capital improvements
16 for administrative purposes as defined by the school facilities board.

17 (c) The tax rate associated with each of the proposed capital
18 improvements and the estimated cost of each capital improvement for the owner
19 of a single family home that is valued at eighty thousand dollars.

20 C. For the purpose of this section, the school district may use its
21 staff, equipment, materials, buildings or other resources only to distribute
22 the informational report at the school district office or at public hearings
23 and to produce such information as required in subsection B of this section,
24 provided that nothing in this subsection shall preclude school districts from
25 holding or participating in any public hearings at which testimony is given
26 by at least one person for the proposed increase and one person against the
27 proposed increase.

28 D. The elections prescribed in subsection A of this section shall be
29 held on a date prescribed by section 16-204 and shall be conducted as nearly
30 as practicable in the manner prescribed in article 1 of this chapter,
31 sections 15-422 through 15-424 and section 15-426, relating to special
32 elections, except that:

33 1. The notices required pursuant to section 15-403 shall be posted not
34 less than twenty-five days before the election.

35 2. Ballots shall be counted pursuant to title 16, chapter 4,
36 article 10.

37 E. If the election is to exceed the revenue control limit and if the
38 proposed increase will be fully funded by a levy of taxes upon the taxable
39 property within the school district, the ballot shall contain the words
40 "budget increase, yes" and "budget increase, no", and the voter shall signify
41 his desired choice. The ballot shall also contain the amount of the proposed
42 increase of the proposed budget over the alternate budget, a statement that
43 the amount of the proposed increase will be based on a percentage of the
44 school district's revenue control limit in future years, if applicable, as
45 provided in subsection P of this section and the following statement:

Any budget increase authorized by this election shall be entirely funded by a levy of taxes upon the taxable property within this school district for the year for which adopted and for ____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, the proposed increase in the school district's budget over that allowed by law would result in an estimated increase in the school district's tax rate of _____ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate which will be levied to fund the school district's revenue control limit allowed by law.

F. If the election is to exceed the revenue control limit and if the proposed increase will be fully funded by revenues from other than a levy of taxes upon the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. The ballot shall also contain:

1. The amount of the proposed increase of the proposed budget over the alternate budget.

2. A statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection P of this section.

3. The following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for ____ subsequent years and shall not be realized from monies furnished by the state.

G. Except as provided in subsection H of this section, the maximum budget increase which may be requested and authorized as provided in subsection E or F of this section or the combination of subsections E and F of this section is ten per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year.

H. Special budget override provisions for school districts with a student count of less than one hundred fifty-four in kindergarten programs and grades one through eight or with a student count of less than one hundred seventy-six in grades nine through twelve are as follows:

1. The maximum budget increase that may be requested and authorized as provided in subsections E and F of this section is the greater of the

1 (ii)

2	Student	Small School	Support Level Weight	Phase Down
3	Count	Student	for Small	Reduction
4	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u> <u>Factor</u>
5	-	100	x 1.398 + (0.0004 x	x \$ - \$
6			(500 - Student Count))	
7				Small
8		Phase Down	Phase Down	School District
9		<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>
10		\$350,000	- \$	- \$

11 (c) If both subdivisions (a) and (b) of this paragraph apply to a
 12 unified school district, its limit for the purposes of this paragraph is the
 13 combination of its elementary limit and its secondary limit.

14 (d) If only subdivision (a) or (b) of this paragraph applies to a
 15 unified school district, the district's limit for the purposes of this
 16 paragraph is the sum of the limit computed as provided in subdivision (a) or
 17 (b) of this paragraph plus ten per cent of the revenue control limit
 18 attributable to those grade levels that do not meet the eligibility
 19 requirements of this subsection. If a school district budgets monies outside
 20 the revenue control limit pursuant to section 15-949, subsection D-E, the
 21 district's limit for the purposes of this paragraph is only the ten per cent
 22 of the revenue control limit attributable to those grade levels that are not
 23 included under section 15-949, subsection D-E. For the purposes of this
 24 subdivision, the revenue control limit is separated into elementary and
 25 secondary components based on the weighted student count as provided in
 26 section 15-971, subsection B, paragraph 2, subdivision (a).

27 2. If a school district utilizes the provisions of this subsection to
 28 request an override of more than one year, the ballot shall include an
 29 estimate of the amount of the proposed increase in the future years in place
 30 of the statement that the amount of the proposed increase will be based on
 31 a percentage of the school district's revenue control limit in future years,
 32 as prescribed in subsections E and F of this section.

33 3. Notwithstanding subsection P of this section, the maximum period
 34 of an override authorized pursuant to this subsection is five years.

35 4. Subsection P, paragraphs 1 and 2 of this section do not apply to
 36 overrides authorized pursuant to this subsection.

37 I. If the election is to exceed the revenue control limit as provided
 38 in section 15-482 and if the proposed increase will be fully funded by a levy
 39 of taxes on the taxable property within the school district, the ballot shall
 40 contain the words "budget increase, yes" and "budget increase, no", and the
 41 voter shall signify the voter's desired choice. The ballot shall also
 42 contain the amount of the proposed increase of the budget over the alternate
 43 budget, a statement that the amount of the proposed increase will be based
 44 on a percentage of the school district's revenue control limit in future

years, if applicable, as provided in subsection Q of this section, and the following statement:

Any budget increase authorized by this election shall be entirely funded by a levy of taxes on the taxable property within this school district for the year for which adopted and for _____ subsequent years, shall not be realized from monies furnished by the state and shall not be subject to the limitation on taxes specified in article IX, section 18, Constitution of Arizona. Based on an estimate of assessed valuation used for secondary property tax purposes, the portion of the proposed increase in the school district's budget over that allowed by law which will be funded by a levy of taxes upon the taxable property within this school district would result in an estimated increase in the school district's tax rate of _____ dollar per one hundred dollars of assessed valuation used for secondary property tax purposes and is in addition to the school district's tax rate that will be levied to fund the school district's revenue control limit allowed by law.

J. If the election is to exceed the revenue control limit as provided in section 15-482 and if the proposed increase will be fully funded by revenues other than a levy of taxes on the taxable property within the school district, the ballot shall contain the words "budget increase, yes" and "budget increase, no", and the voter shall signify the voter's desired choice. The ballot shall also contain the amount of the proposed increase of the proposed budget over the alternate budget, a statement that the amount of the proposed increase will be based on a percentage of the school district's revenue control limit in future years, if applicable, as provided in subsection Q of this section and the following statement:

Any budget increase authorized by this election shall be entirely funded by this school district with revenues from other than a levy of taxes on the taxable property within the school district for the year for which adopted and for _____ subsequent years and shall not be realized from monies furnished by the state.

K. The maximum budget increase that may be requested and authorized as provided in subsection I or J of this section, or a combination of both of these subsections, is five per cent of the revenue control limit as provided in section 15-947, subsection A for the budget year. For a unified school district, a common school district not within a high school district or a common school district within a high school district that offers instruction in high school subjects as provided in section 15-447, five per cent of the revenue control limit means five per cent of the revenue control limit attributable to the weighted student count in preschool programs for children with disabilities, kindergarten programs and grades one through eight as provided in section 15-971, subsection B.

1 L. If the election is to exceed the capital outlay revenue limit and
2 if the proposed increase will be fully funded by a levy of taxes upon the
3 taxable property within the school district, the ballot shall contain the
4 words "budget increase, yes" and "budget increase, no", and the voter shall
5 signify the voter's desired choice. An election held pursuant to this
6 subsection shall be held on the first Tuesday after the first Monday of
7 November. The ballot shall also contain the amount of the proposed increase
8 of the proposed budget over the alternate budget and the following statement:

9 Any budget increase authorized by this election shall be
10 entirely funded by a levy of taxes upon the taxable property
11 within this school district for the year in which adopted and
12 for _____ subsequent years, shall not be realized from monies
13 furnished by the state and shall not be subject to the
14 limitation on taxes specified in article IX, section 18,
15 Constitution of Arizona. Based on an estimate of assessed
16 valuation used for secondary property tax purposes, the proposed
17 increase in the school district's budget over that allowed by
18 law would result in an estimated increase in the school
19 district's tax rate of _____ dollar per one hundred
20 dollars of assessed valuation used for secondary property tax
21 purposes and is in addition to the school district's tax rate
22 which will be levied to fund the school district's capital
23 outlay revenue limit allowed by law.

24 M. If the election is to exceed the capital outlay revenue limit and
25 if the proposed increase will be fully funded by revenues from other than a
26 levy of taxes upon the taxable property within the school district, the
27 ballot shall contain the words "budget increase, yes" and "budget increase,
28 no", and the voter shall signify the voter's desired choice. An election
29 held pursuant to this subsection shall be held on the first Tuesday after the
30 first Monday of November. The ballot shall also contain the amount of the
31 proposed increase of the proposed budget over the alternate budget and the
32 following statement:

33 Any budget increase authorized by this election shall be
34 entirely funded by this school district with revenues from other
35 than a levy of taxes on the taxable property within the school
36 district for the year in which adopted and for _____ subsequent
37 years and shall not be realized from monies furnished by the
38 state.

39 N. If the election is to exceed a combination of the revenue control
40 limit as provided in subsection E or F of this section, the revenue control
41 limit as provided in subsection I or J of this section or the capital outlay
42 revenue limit as provided in subsection L or M of this section, the ballot
43 shall be prepared so that the voters may vote on each proposed increase
44 separately and shall contain statements required in the same manner as if
45 each proposed increase were submitted separately.

1 0. If the election provides for a levy of taxes on the taxable
2 property within the school district, at least thirty days prior to the
3 election, the department of revenue shall provide the school district
4 governing board and the county school superintendent with an estimate of the
5 school district's assessed valuation used for secondary property tax purposes
6 for the ensuing fiscal year. The governing board and the county school
7 superintendent shall use this estimate to translate the amount of the
8 proposed dollar increase in the budget of the school district over that
9 allowed by law into a tax rate figure.

10 P. If the voters in a school district vote to adopt a budget in excess
11 of the revenue control limit as provided in subsection E or F of this
12 section, any additional increase shall be included in the aggregate budget
13 limit for each of the years authorized. Any additional increase shall be
14 excluded from the determination of equalization assistance. The school
15 district governing board may, however, levy on the assessed valuation used
16 for secondary property tax purposes of the property in the school district
17 the additional increase if adopted under subsection E of this section for the
18 period of one year, two years or five through seven years as authorized. If
19 an additional increase is approved as provided in subsection F of this
20 section, the school district governing board may only use revenues derived
21 from the school district's prior year's maintenance and operation fund ending
22 cash balance to fund the additional increase. If a budget increase was
23 previously authorized and will be in effect for the budget year or budget
24 year and subsequent years, as provided in subsection E or F of this section,
25 the governing board may request a new budget increase as provided in the same
26 subsection under which the prior budget increase was adopted which shall not
27 exceed the maximum amount permitted under subsection G of this section. If
28 the voters in the school district authorize the new budget increase amount,
29 the existing budget increase no longer is in effect. If the voters in the
30 school district do not authorize the budget increase amount, the existing
31 budget increase remains in effect for the time period for which it was
32 authorized. The maximum additional increase authorized as provided in
33 subsection E or F of this section and the additional increase which is
34 included in the aggregate budget limit is based on a percentage of a school
35 district's revenue control limit in future years, if the budget increase is
36 authorized for more than one year. If the additional increase:

37 1. Is for two years, the proposed increase in the second year is equal
38 to the initial proposed percentage increase.

39 2. Is for five years or more, the proposed increase is equal to the
40 initial proposed percentage increase in the following years of the proposed
41 increase, except that in the next to last year it is two-thirds of the
42 initial proposed percentage increase and it is one-third of the initial
43 proposed percentage increase in the last year of the proposed increase.

1 Q. If the voters in a school district vote to adopt a budget in excess
2 of the revenue control limit as provided in subsection I or J of this
3 section, any additional increase shall be included in the aggregate budget
4 limit for each of the years authorized. Any additional increase shall be
5 excluded from the determination of equalization assistance. The school
6 district governing board, however, may levy on the assessed valuation used
7 for secondary property tax purposes of the property in the school district
8 the additional increase if adopted under subsection I of this section for the
9 period of one year, two years or five through seven years as authorized. If
10 an additional increase is approved as provided in subsection J of this
11 section, the increase may only be budgeted and expended if sufficient monies
12 are available in the maintenance and operation fund of the school
13 district. If a budget increase was previously authorized and will be in
14 effect for the budget year or budget year and subsequent years, as provided
15 in subsection I or J of this section, the governing board may request a new
16 budget increase as provided in the same subsection under which the prior
17 budget increase was adopted that does not exceed the maximum amount permitted
18 under subsection K of this section. If the voters in the school district
19 authorize the new budget increase amount, the existing budget increase no
20 longer is in effect. If the voters in the school district do not authorize
21 the budget increase amount, the existing budget increase remains in effect
22 for the time period for which it was authorized. The maximum additional
23 increase authorized as provided in subsection I or J of this section and the
24 additional increase that is included in the aggregate budget limit is based
25 on a percentage of a school district's revenue control limit in future years,
26 if the budget increase is authorized for more than one year. If the
27 additional increase:

28 1. Is for two years, the proposed increase in the second year is equal
29 to the initial proposed percentage increase.

30 2. Is for five years or more, the proposed increase is equal to the
31 initial proposed percentage increase in the following years of the proposed
32 increase, except that in the next to last year it is two-thirds of the
33 initial proposed percentage increase and it is one-third of the initial
34 proposed percentage increase in the last year of the proposed increase.

35 R. If the voters in a school district vote to adopt a budget in excess
36 of the capital outlay revenue limit as provided in subsection L of this
37 section, any additional increase shall be included in the aggregate budget
38 limit for each of the years authorized. The additional increase shall be
39 excluded from the determination of equalization assistance. The school
40 district governing board may, however, levy on the assessed valuation used
41 for secondary property tax purposes of the property in the school district
42 the additional increase for the period authorized but not to exceed ten
43 years. For overrides approved by a vote of the qualified electors of the
44 school district at an election held from and after October 31, 1998, the

1 period of the additional increase prescribed in this subsection shall not
2 exceed seven years for any capital override election.

3 S. If the voters in a school district vote to adopt a budget in excess
4 of the capital outlay revenue limit as provided in subsection M of this
5 section, any additional increase shall be included in the aggregate budget
6 limit for each of the years authorized. The additional increase shall be
7 excluded from the determination of equalization assistance. The school
8 district governing board may only use revenues derived from the school
9 district's prior year's maintenance and operation fund ending cash balance
10 and capital outlay fund ending cash balance to fund the additional increase
11 for the period authorized but not to exceed ten years. For overrides
12 approved by a vote of the qualified electors of the school district at an
13 election held from and after October 31, 1998, the period of the additional
14 increase prescribed in this subsection shall not exceed seven years for any
15 capital override election.

16 T. In addition to subsections P and S of this section, from the
17 maintenance and operation fund and capital outlay fund ending cash balances,
18 the school district governing board shall first use any available revenues
19 to reduce its primary tax rate to zero and shall use any remaining revenues
20 to fund the additional increase authorized as provided in subsections F and
21 M of this section.

22 U. If the voters in a school district disapprove the proposed budget,
23 the alternate budget which, except for any budget increase authorized by a
24 prior election, does not include an increase in the budget in excess of the
25 amount provided in section 15-905 shall be adopted by the governing board as
26 provided in section 15-905.

27 V. The governing board may request that any override election be
28 cancelled if any change in chapter 9 of this title changes the amount of the
29 aggregate budget limit as provided in section 15-905. The request to cancel
30 the override election shall be made to the county school superintendent at
31 least ten days prior to the date of the scheduled override election.

32 W. For any election conducted pursuant to subsection L or M of this
33 section:

34 1. The ballot shall include the following statement in addition to any
35 other statement required by this section:

36 The capital improvements that are proposed to be funded
37 through this override election are to exceed the state standards
38 and are in addition to monies provided by the state.

39 _____ school district is proposing to increase its
40 budget by \$_____ to fund capital improvements over and
41 above those funded by the state. Under the students first
42 capital funding system, _____ school district is entitled to
43 state monies for building renewal, new construction and
44 renovation of school buildings in accordance with state law.

1 2. The ballot shall contain the words "budget increase, yes" and
2 "budget increase, no", and the voter shall signify the voter's desired
3 choice.

4 3. At least eighty-five days before the election, ~~a~~ THE school
5 district shall submit proposed ballot language to the director of the Arizona
6 legislative council. The director of the Arizona legislative council shall
7 review the proposed ballot language to determine whether the proposed ballot
8 language complies with this section. If the director of the Arizona
9 legislative council determines that the proposed ballot language does not
10 comply with this section, the director, within ten calendar days of the
11 receipt of the proposed ballot language, shall notify the school district of
12 the director's objections and the school district shall resubmit revised
13 ballot language to the director for approval.

14 X. If the voters approve the budget increase pursuant to subsection
15 L or M of this section, the school district shall not use the override
16 proceeds for any purposes other than the proposed capital improvements listed
17 in the publicity pamphlet, except that up to ten per cent of the override
18 proceeds may be used for general capital expenses, including cost overruns
19 of proposed capital improvements.

20 Y. Each school district that currently increases its budget pursuant
21 to subsection L or M of this section is required to hold a public meeting
22 each year between September 1 and October 31 at which an update of the
23 progress of capital improvements financed through the override is discussed
24 and at which the public is permitted an opportunity to comment. At a
25 minimum, the update shall include a comparison of the current status and the
26 original projections on the construction of capital improvements, the costs
27 of capital improvements and the costs of capital improvements in progress or
28 completed since the prior meeting and the future capital plans of the school
29 district. The school district shall include in the public meeting a
30 discussion of the school district's use of state capital aid and
31 voter-approved bonding in funding capital improvements, if any.

32 Z. If a budget in excess of the capital outlay revenue limit was
33 previously adopted by the voters in a school district and will be in effect
34 for the budget year or budget year and subsequent years, as provided in
35 subsection L or M of this section, the governing board may request an
36 additional budget in excess of the capital outlay revenue limit. If the
37 voters in a school district authorize the additional budget in excess of the
38 capital outlay revenue limit, the existing capital outlay revenue limit
39 budget increase remains in effect.

40 Sec. 2. Section 15-949, Arizona Revised Statutes, is amended to read:

41 15-949. Small school districts; exemption from general budget
42 limit; budget revision

43 A. The governing board of a common school district with a student
44 count in kindergarten programs and grades one through eight of one hundred
45 twenty-five or less, the governing board of a high school district with a

1 student count of one hundred or less or the governing board of a unified
2 school district or the county school superintendent for an accommodation
3 school with a student count of one hundred twenty-five or less in
4 kindergarten programs and grades one through eight or with a student count
5 of one hundred or less in grades nine through twelve shall compute a revenue
6 control limit and a general budget limit, but the governing board or the
7 county school superintendent may:

8 1. Adopt a budget in excess of the general budget limit without the
9 necessity of an election under section 15-481, provided that for a unified
10 school district or for an accommodation school the excess amount of
11 expenditures shall be attributable to the student count in kindergarten
12 programs and grades one through eight or to the student count in grades nine
13 through twelve as provided in this subsection.

14 2. Revise its budget to include the costs for additional pupils who
15 were not anticipated when the budget was adopted, if it receives permission
16 as follows:

17 (a) If a governing board:

18 (i) The governing board shall send a petition to the county school
19 superintendent requesting authority to revise its budget. The petition shall
20 include a copy of the proposed budget.

21 (ii) The county school superintendent shall recommend the action to
22 be taken on the petition and forward the recommendation and the petition to
23 the board of supervisors.

24 (iii) The board of supervisors shall hold a hearing on the petition
25 within twenty days after receipt of the petition and shall determine whether
26 to allow the petition, allow the petition after revision or deny the
27 petition.

28 (b) If a county school superintendent, the county school
29 superintendent shall send the revised budget to the board of supervisors, and
30 the board of supervisors shall hold a hearing on the recommendation within
31 twenty days after receipt of the recommendation and shall determine whether
32 to allow the revised budget, allow the revised budget after further revision
33 or deny the revision.

34 B. If the board of supervisors revises or denies the petition or
35 recommendation presented pursuant to subsection A, paragraph 2, subdivision
36 (a), item (iii) or subdivision (b) of this section the reasons for revision
37 or denial shall be stated in writing.

38 C. School districts that in any year after fiscal year 1984-1985 but
39 before fiscal year 1999-2000 have operated under the provisions of the small
40 school adjustment as provided for in subsection A of this section and that
41 have subsequently exceeded the student count limits expressed in subsection
42 A of this section may continue in successive years to adopt a budget greater
43 than the general budget limit without the necessity of an election under
44 section 15-481, except that the amount greater than the general budget limit
45 shall not exceed fifty thousand dollars. The amount that is adopted without

1 the use of an election under section 15-481 and that is greater than the
2 general budget limit is specifically exempt from the revenue control limit.

3 D. NOTWITHSTANDING SUBSECTION C OF THIS SECTION, SCHOOL DISTRICTS THAT
4 EXCEEDED THE STUDENT COUNT LIMITS PRESCRIBED IN SUBSECTION A OF THIS SECTION
5 MAY ADOPT, IN THE FIRST YEAR THAT THESE LIMITS ARE EXCEEDED, A BUDGET THAT
6 EXCEEDS THE GENERAL BUDGET LIMIT WITHOUT AN ELECTION CONDUCTED PURSUANT TO
7 SECTION 15-481 OR PURSUANT TO SUBSECTION E OF THIS SECTION, EXCEPT THAT THE
8 AMOUNT THAT EXCEEDS THE GENERAL BUDGET LIMIT SHALL NOT EXCEED THE AMOUNT
9 AUTHORIZED PURSUANT TO SUBSECTION C OF THIS SECTION PLUS THE LIMIT PRESCRIBED
10 IN SUBSECTION E OF THIS SECTION. THE AMOUNT THAT IS ADOPTED WITHOUT AN
11 ELECTION AND THAT EXCEEDS THE GENERAL BUDGET LIMIT IS EXEMPT FROM THE REVENUE
12 CONTROL LIMIT.

13 ~~0.~~ E. School districts that in any year after fiscal year 1998-1999
14 have operated under the provisions of the small school adjustment as provided
15 in subsection A of this section and that have subsequently exceeded the
16 student count limits prescribed in subsection A of this section may continue
17 in successive years to adopt a budget greater than the general budget limit
18 subject to an election, except that the amount that is greater than the
19 general budget limit shall not exceed the amount that is prescribed in this
20 subsection. The amount that is adopted pursuant to this subsection is
21 specifically exempt from the revenue control limit and shall be funded by a
22 levy on secondary property taxes in the school district. The maximum amount
23 that may be adopted pursuant to this subsection is computed as follows:

24 1. For a unified school district, separate the revenue control limit
25 into elementary and secondary components based on the weighted student count
26 as provided in section 15-971, subsection B, paragraph 2, subdivision (a).
27 Use the elementary component of the revenue control limit for the purposes
28 of paragraph 2 of this subsection and the secondary component of the revenue
29 control limit for the purposes of paragraph 3 of this subsection.

30 2. For a common or unified district that used the provisions of
31 subsection A of this section based on its elementary student count, the
32 amount is determined as follows:

33 (a) Subtract one hundred twenty-five from the elementary student
34 count.

35 (b) Multiply the difference in subdivision (a) of this paragraph by
36 0.45 per cent.

37 (c) Subtract the product determined in subdivision (b) of this
38 paragraph from thirty-five per cent. If the result is zero or less than
39 zero, the district is not eligible to use the provisions of this paragraph.

40 (d) Multiply the difference determined in subdivision (c) of this
41 paragraph by the elementary revenue control limit.

42 3. For a high school or unified district that used the provisions of
43 subsection A of this section based on its secondary student count, the amount
44 is determined as follows:

45 (a) Subtract one hundred from the secondary student count.

1 (b) Multiply the difference in subdivision (a) of this paragraph by
2 0.65 per cent.

3 (c) Subtract the product determined in subdivision (b) of this
4 paragraph from sixty-five per cent. If the result is zero or less than zero,
5 the district is not eligible to use the provisions of this paragraph.

6 (d) Multiply the difference determined in subdivision (c) of this
7 paragraph by the secondary revenue control limit.

8 4. For a unified school district that used the provisions of
9 subsection A of this section for both its elementary and secondary pupils,
10 combine the amounts determined in paragraphs 2 and 3 of this subsection.

11 ~~E.~~ F. For the purposes of subsection ~~D~~ E of this section:

12 1. "Elementary" means kindergarten programs and grades one through
13 eight.

14 2. "Secondary" means grades nine through twelve.

15 ~~F.~~ G. The part of the primary tax rate set to fund the small school
16 district adjustment as provided in subsection SUBSECTIONS D AND E of this
17 section shall not be included in the computation of additional state aid for
18 education as prescribed in section 15-972.

19 ~~G.~~ H. The election required pursuant to subsection ~~D~~ E of this
20 section shall conform to the procedural requirements for calling the
21 election, preparing the informational report and preparing the ballot as
22 prescribed in section 15-481, subsections A, B, C and D. The maximum number
23 of years that a budget override approved pursuant to subsection ~~D~~ E of this
24 section may be in effect is five years.

25 ~~H.~~ I. If the proposed budget override will be fully funded by a levy
26 of taxes on the taxable property within the school district, the ballot shall
27 contain the words "budget override, yes" and "budget override, no", and the
28 voter shall signify the voter's desired choice. The ballot shall also
29 contain the amount of the proposed budget override compared to the amount the
30 school district budgeted in the preceding year and the amount the school
31 district would be allowed to budget for if the measure is not approved by the
32 voters. The statement ~~will~~ SHALL also include the estimated amount of the
33 override for each year the override is sought. The ballot shall also include
34 the following statement:

35 The budget override authorized by this election allows the
36 _____ SCHOOL district to levy property taxes in excess
37 of the property tax levy allowed by law to fund the school
38 district's revenue control limit. The property tax levy for the
39 year for which adopted and for _____ subsequent years, will be
40 annually adjusted based on a formula that authorizes the
41 _____ SCHOOL district to exceed the revenue control
42 limit by up to thirty-five per cent for kindergarten programs
43 and grades one through eight or up to sixty-five per cent for
44 grades nine through twelve. The levy shall not be realized from
45 monies furnished by the state and shall not be subject to the

1 limitation on taxes specified in article IX, section 18,
2 Constitution of Arizona. Based on an estimate of assessed
3 valuation used for secondary property tax purposes, the proposed
4 override in the _____ SCHOOL district's budget over
5 that allowed by the revenue control limit would result in an
6 estimated increase in the school district's tax rate of
7 _____ dollars per one hundred dollars of assessed
8 valuation for the secondary property tax purposes.

9 ~~F.~~ J. If the PROPOSED budget override will be fully funded by
10 revenues from other than a levy of taxes on the taxable property within the
11 school district, the ballot shall contain the words "budget override, yes"
12 and "budget override, no", and the voter shall signify the voter's desired
13 choice. The ballot shall also contain the amount of the proposed budget
14 override compared to the amount the school district budgeted in the preceding
15 year and the amount the school district would be allowed to budget for if the
16 measure is not approved by the voters. The statement shall also include the
17 estimated amount of the override for each year the override is sought. The
18 ballot shall also include the following statement:

19 Any budget override authorized by this election shall be
20 entirely funded by this school district with revenues from other
21 than a levy of taxes on the taxable property within the school
22 district for the year for which adopted and for _____
23 subsequent years and shall not be realized from monies furnished
24 by the state.

APPROVED BY THE GOVERNOR JUNE 4, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 4, 2004.

Passed the House May 25, 20 04

by the following vote: 40 Ayes,

16 Nays, 4 Not Voting

Jake Flake
Speaker of the House

Norman L. Moore
Chief Clerk of the House

Passed the Senate March 9, 20 04

by the following vote: 24 Ayes,

6 Nays, 0 Not Voting

John Blumenthal
President of the Senate

Chasmin D. Winston
Secretary of the Senate

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR**

This Bill was received by the Governor this

_____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

_____, 20____,

at _____ o'clock _____ M.

Governor of Arizona

S.B. 1327

**EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE**

This Bill was received by the Secretary of State

this _____ day of _____, 20____,

at _____ o'clock _____ M.

Secretary of State

SENATE CONCURS IN HOUSE AMENDMENTS
AND FINAL PASSAGE

Passed the Senate May 27, 2009,

by the following vote: 27 Ayes,

1 Nays, 2 Not Voting

Kate Bennett
President of the Senate
Charmaine Beaudry
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

27th day of May, 2009,

at 8:40 o'clock a. M.

Wendy Ybarra
Secretary to the Governor

Approved this 7 day of

June, 2009,

at 9th o'clock A. M.

J. N. M.
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 4 day of June, 2009,

at 11:15 o'clock A M.

Janice K. Brewer
Secretary of State

S.E. 1327